

# REPORT

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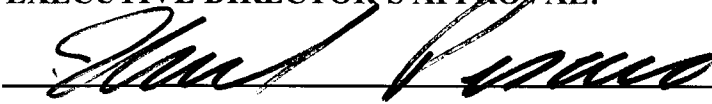
**DATE:** July 10, 2003

**TO:** Administration Committee  
Regional Council

**FROM:** Sam Mehta  
Manager of Contracts

**RE:** Approval of Draft Disadvantaged Business Enterprise (DBE) Goal and Methodology for SCAG Fiscal Year (FY) 2003-2004

**EXECUTIVE DIRECTOR'S APPROVAL:**



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**RECOMMENDED ACTION:**

Approve Draft DBE Goal and Methodology for SCAG FY 2003-2004 for release for public comment.

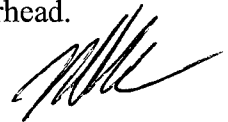
**BACKGROUND:**

On June 10, 2003, SCAG received the attached approval letter from the State Department of Transportation (Caltrans). Caltrans reviewed SCAG's Draft DBE Goal and Methodology for FY 2003-2004 and determined that it meets the basic requirements of the applicable Federal regulations (49 CFR Part 26).

Upon approval by the Regional Council, SCAG will publish a notice of the Draft DBE Goal and Methodology for FY 2003-2004, informing the public that comments will be accepted for forty-five (45) calendar days from the day the notice is advertised. Public notices will be placed in newspapers, including minority newspapers, and on SCAG's web site.

**FISCAL IMPACT:**

Public Notices costs are approximately \$2,000. Source of funds: Indirect Overhead.



DEPARTMENT OF TRANSPORTATION  
DISTRICT 7, OFFICE OF LOCAL ASSISTANCE AND  
ALAMEDA CORRIDORS  
700 N. ALAMEDA STREET, 4<sup>TH</sup> FL.  
LOS ANGELES, CA 90012  
PHONE (213) 620-6544  
FAX (213) 620-6583



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RECEIVED  
JUN 16 2003  
CONTRACTS DEPT.

June 10, 2003

Annual Overall DBE Goal Information & Methodology  
Fiscal Year (FY) 2003-2004

Mr. Mark Pisano  
Chief-Executive Officer  
Southern California Association of Governments  
818 W. Seventh Street, 12<sup>th</sup> Floor  
Los Angeles, CA 90017-3435

ATTN: Mr. Samir Mehta, DBE Liaison Officer

Dear Mr. Pisano:

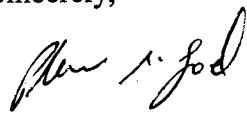
We have reviewed your Draft DBE Goal and Methodology for FY 2003-2004. It meets the basic requirements of 49 CFR Part 26. Your Draft is attached.

Now, you can advertise your DBE Goal for public participation and comments. The Public participation and commenting period is 45 days from the day of advertising your DBE Goal.

Once the commenting period (45 days) is over, then submit your final DBE Goal information and Goal Methodology along with proof of publication, summary of comments and your responses for our review and approval. Final submission is due by September 1, 2003.

Should you have any questions, please contact Sohan Basra of my staff at (213) 620-6307.

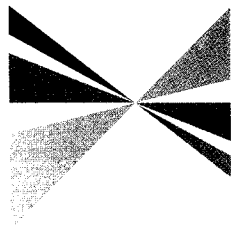
Sincerely,

*for*   
KIRK CESSNA, Chief  
Office of Local Assistance  
and Alameda Corridors

Attachment

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SOUTHERN CALIFORNIA



**ASSOCIATION of  
GOVERNMENTS**

**Main Office**

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90017-3435

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**Riverside County Transportation Commission:** Robin Lowe, Hemet

**Ventura County Transportation Commission:** Bill Davis, Simi Valley

May 30, 2003

Mr. Kirk Cessna, Office Chief of Local Assistance  
California Department of Transportation  
700 N. Alameda Street, 4<sup>th</sup> Floor  
Los Angeles, CA 90012

Attention: Mr. Sohan Basra

RE: **DRAFT ANNUAL OVERALL DBE GOAL  
INFORMATION FOR FY 2003-2004**

Dear Mr. Basra:

The Southern California Association of Governments (SCAG) respectfully submits for your review and comments our annual overall goal information for the new fiscal year (FY), as well as a proposed update of our DBE program. SCAG proposes an annual overall DBE goal of 6% for FY 2003-2004, which begins on July 1, 2003 and ends on June 30, 2004.

The amount of overall goal, methodology, breakout of estimated race-neutral and race-conscious participation, and any DBE program updates are presented herein (see Attachment) in accordance with Title 49 of the Code of Federal Regulations Part 26, and as described in the *Local Assistance Procedures Manual* ("LAPM," March 2001).

A summary of the breakout percentages and a proposed DBE program update appears below.

**Breakout of Estimated Race-Neutral and Race-Conscious Participation**

**5.4%** (90% of the total goal of 6%) is broken-out as a race-conscious component. The remaining **.6%** (10% of the total goal of 6%) is spent using race-neutral means, where products and services are purchased from vendors based only on the lowest cost and best qualifications.

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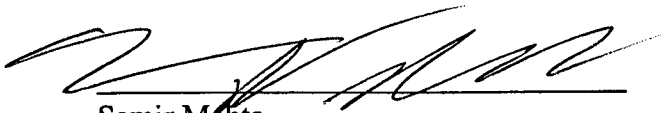
DRAFT Annual Overall DBE Goal Information  
May 30, 2003

DBE Program Update

Sean Flynn is no longer employed with SCAG. Sandeepa Scott, SCAG Contracts Administrator, has assumed the responsibilities of DBE Liaison Officer effective January 1, 2003.

Contact information:

Sandeepa Scott, Contracts Administrator  
818 West Seventh Street, 12<sup>th</sup> Floor  
Los Angeles, CA 90017  
(213) 236-1974 Tel  
(213) 236-1825 Fax  
[scotts@scag.ca.gov](mailto:scotts@scag.ca.gov)

  
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Samir Mehta  
Manager of Contracts

5/30/03  
Date

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## **ATTACHMENT**

### ***DBE Goal Methodology***

The Southern California Association of Governments (SCAG) FY 2003-2004 Overall Work Program (OWP) is partly funded by the U.S. Department of Transportation (DOT) under a Consolidated Planning Grant (CPG), which includes funding from FHWA and FTA.<sup>1</sup> SCAG also receives funding from FAA and other Federal sources. The estimated value of DOT-assisted contracts and purchases identified in FY 2003-2004 is as follows:

#### ***I. DOT-Assisted Contracting Program [ 49CFR 26.45(a)]: Anticipated Work Program for FFY 2003-2004***

<b>Work Category</b>	<b>NAICS Category</b>	<b>Estimated Dollar Value</b>	<b>% of Federal Funding by Work Category</b>
Transportation Planning Consulting	541620		
Environmental Consulting Services	Not Available	\$ 4,477,333	81%
Professional Services	541	702,000	13%
Commercial Lithographic Printing	323110	135,000	3%
Computer Hardware & Software	443120	216,900	3%
<b>TOTAL</b>		<b>\$ 5,531,233*</b>	<b>100%</b>

\*These numbers exclude carry-over funding from the FY 2002-2003 OWP and are strictly for *new* contracts and purchase orders.

The types of projects funded from the above sources, will be directly administered by SCAG and include:

- Air Quality Management Plans
- Growth Visioning Studies
- Aerial Photography
- Regional Demographic Modeling and Area Income Modeling
- Air Cargo Studies
- Economic Modeling
- Environmental Impact Reports
- Goods Movement/Truck and Rail Studies
- Highway Studies and Highway Inventories
- Housing Needs Assessments and Strategies
- Parking Cost Modeling
- Regional Cordon Surveys
- Public Participation and Outreach
- Other Required Transportation Planning & Mandated Activities

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<sup>1</sup> The FY 2003-2004 OWP is expected to begin on July 1, 2003 and end on June 30, 2004.

**II. DBE Goal Methodology [49CFR 26.45(b)]:**  
**Definition of Base Figure [49 CFR 26.45(b)]**

The base figure is defined as the relative availability of DBEs in relation to all comparable firms available in an agency's contracting market area.

**Number of Ready, Willing, and Able DBEs**

----- = BASE FIGURE

**Number of All Ready, Willing, and Able Firms**

**Step 1. Determination of a Base Figure [49CFR 26.45(c)]:**

The base figure for the relative availability of DBE firms that are ready, willing, and able to participate in DOT-assisted contracting in the SCAG area are as follows:

	<u>Consulting</u>	<u>Professional</u>	<u>Printing</u>	<u>Computer</u>
Base Figure =	$\frac{.81 (50)}{840}$	$\frac{.13 (2)}{102}$	$\frac{.3 (5)}{60}$	$\frac{.3 (5)}{63}$
Base Figure =	.048	.003	.025	.023
Base Figure =	10%			

SCAG determined the Base Figure by following the "Utilizing the Bidders List" methodology. SCAG maintains an internal database of consultants and vendors. Presently, SCAG's database provides the most accurate number of potential DBEs available in the SCAG area.

SCAG's database contains firms that provide the types of services utilized by SCAG in the six-county region (Los Angeles, Orange, Imperial, Ventura, San Bernardino, and Riverside counties). Since SCAG is a transportation planning agency, SCAG frequently contracts with transportation planning and environmental consultants throughout the region.

Therefore, based upon the ratio of DBE to non-DBE firms, the base figure is 10 % for availability of participation by DBE firms.

**Step 2. Adjusting the Base Figure [49CFR 26.45(d)]:**

After determining the base figure of 10%, staff surveyed SCAG's records from the previous year to determine whether an adjustment of the base figure is necessary.

In the past year, the value of contracts awarded to DBE firms was approximately \$1,798,506, out of a total value of approximately \$5,218,000 awarded to contractors and consultants during the same period. We are extremely pleased that the percentage of work awarded to DBE firms, based on the total value of all contracts and purchase orders, was 34%.

Although the annual goal of 6% for FY 02-03 was exceeded by a wide margin due to the anomaly of one large dollar value (1.5 million) contract being awarded to a DBE firm, this is unlikely to be repeated for FY 03-04. When the percentage is calculated excluding the one large value dollar contract, SCAG would have achieved an annual goal of 6% for FY 02-03.

SCAG will make every effort to achieve the Base Figure of 10% participation by DBE firms. However, after reviewing SCAG's preliminary bidders list and based on the volume of work performed by DBEs in recent years, SCAG is requesting an adjustment from 10% to 6% as the annual overall goal.

***Resultant Goal [49 CFR 26.45(e)]: 6%***

***III. Breakout of Estimated Race-Neutral and Race-Conscious Participation [49 CFR 26.51]:***

"Race-conscious measure or program" is one that is focused specifically on assisting only DBEs, including women owned DBEs" (LAPM, 9-1).

Under the above definition, SCAG employs the following race-conscious measure:

SCAG contracting procedures require the consultant selection panel to factor DBE participation into the competitive selection process. A bidder may receive a weighted score of 1-5 points (out of 100 total points), depending on whether a bidder is a DBE or subcontracts part of the work to a DBE firm. Five points is the maximum weight received if DBE participation is involved.

Since approximately 90% of the DOT-assisted funds received by SCAG are awarded to consultants through the selection process described above, 90% of the total goal should be broken-out as a race conscious component. The remaining 10% is spent using race-neutral means, where products and services are purchased from vendors based only on the lowest cost and best qualifications.

***IV. Public Participation in Setting Overall Annual DBE Goal [49 CFR 26.45(g)]***

Upon approval of this draft goal by Caltrans and SCAG's governing body, the Regional Council, SCAG will publish a notice of the proposed overall goal, in compliance with 49 CFR 26.45(g) and the LACM.